

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**



FILED

10-22-07
04:59 PM

Application of Pacific Gas And Electric
Company (U 39-E) for Approval of 2008-
2020 Air Conditioning Direct Load Control
Program

Application No. A. 07-04-009
(Filed April 6, 2007)

**MOTION OF THE UTILITY REFORM NETWORK
FOR DESIGNATION OF EXHIBITS**



Nina Suetake, Staff Attorney
THE UTILITY REFORM NETWORK
711 Van Ness Avenue, Suite 350
San Francisco, CA 94102
Email: nsuetake@turn.org
Phone: (415) 929-8876
Fax: (415) 929-1132

October 22, 2007

MOTION OF THE UTILITY REFORM NETWORK FOR DESIGNATION OF EXHIBITS

The Utility Reform Network (TURN) submits this Motion for Designation of Exhibits pursuant to Administrative Law Judge (ALJ) Bemmesderfer's directions at an all-party, telephonic conference call on October 4, 2007.

TURN requests that the documents and associated attachments listed in Appendix A be designated as exhibits and accepted into the record of this proceeding. TURN has indicated which of the exhibits directly produced by or for TURN that have been deemed confidential but has not done so for the material provided to DRA or the Energy Division. DRA and PG&E would be in a better position to determine whether those documents should be deemed confidential. In addition to testimony and data requests, TURN requests that two documents that the California Independent System Operator Corporation (CAISO) submitted in the Commission's Resource Adequacy Rulemaking, R. 05-12-013, (Attachment B) and Demand Response Rulemaking, R.07-01-041 (Attachment C) be admitted into the record. (Provided as Attachment

The CAISO documents discuss how the CAISO views demand response programs in the context of its day-ahead market and also provide information that may assist in determining how PG&E's program should be triggered. These documents are therefore relevant to several issues within the scope of the proceeding: 1) Whether PG&E's AC cycling program is cost-effective for ratepayers; 2) Should the program be triggered based on CAISO Stage 1 conditions, Stage 2 conditions, or other criteria; and 3) Whether PG&E's program design should be changed. Had hearings been conducted, TURN would have introduced these documents as exhibits during cross-examination of PG&E witnesses.

The CAISO's response to PG&E's program has a direct effect on the program's cost-effectiveness. Whether or not demand response programs are "counted" for resource adequacy purposes, if the load associated with PG&E's AC Cycling Program does not meet certain requirements of the CAISO, the CAISO may not rely upon the resulting demand reduction for the purposes of its day-ahead market and, therefore, would procure backstop resources for the load subject to this program. In other words, the PG&E ratepayers bearing the costs of the AC Cycling Program would also bear the costs of procuring redundant energy due to the CAISO's failure to consider the Program

in a manner that might avoid such energy purchases. This would nullify the benefits that the program is assumed to produce.

In the above mentioned documents, the CAISO also discusses how demand response programs can be triggered so that the programs can be relied upon for the purposes of its day-ahead market. The information provided by the CAISO is important in determining how PG&E should trigger the AC Cycling program so that the resulting load reduction can actually be useful to the CAISO. Due to the potential effects on the cost-effectiveness of and chosen trigger for PG&E's program, the CAISO's information could result in modifications to PG&E's program design.

TURN also requests clarification from the ALJ as to how documents should be submitted to be included into the record. TURN has provided a copy of the above-mentioned CAISO documents as attachments to this motion. However, TURN is unclear if the remainder of the documents listed as exhibits should be submitted to the ALJ directly via email or mailed in hardcopy as well. Also, TURN would like clarification as to how the data requests of other parties should be provided to the ALJ – i.e, if the ALJ would prefer TURN to provide PG&E's responses to the DRA and Energy Division's data requests.

October 22, 2007

Respectfully submitted,
THE UTILITY REFORM NETWORK

_____/S/_____
Nina Suetake

Staff Attorney for
THE UTILITY REFORM NETWORK
711 Van Ness Avenue, Suite 350
San Francisco, CA 94102
Phone: (415) 929-8876 x 308
Fax: (415) 929-1132
Email: nsuetake@turn.org

Attachment A

TURN Exhibit List

Number	Description	Status
PG&E-1-E	Errata to PG&E Direct Testimony Public Version	Public
PG&E-1-E C	Errata to PG&E Direct Testimony Confidential Version	Confidential
PG&E-1-W	PG&E Workpapers Supporting Chapter 6	Confidential
PG&E-2	PG&E Rebuttal Testimony Public Version	Public
PG&E-2 C	PG&E Rebuttal Testimony Confidential Version	Confidential
PG&E-2 W	PG&E Workpapers on Cost Effectiveness for Rebuttal Testimony	Confidential
TURN-1	TURN Direct Testimony Public Version	Public
TURN-1 C	TURN Direct Testimony Confidential Version	Confidential
TURN-1-W	TURN Workpapers to Direct Testimony	Confidential
TURN DR 2-2	PG&E Response to TURN Data Request 2, Q. 2	Public
TURN DR 2-8	PG&E Response to TURN Data Request 2, Q. 8	Public
TURN DR 2-12	PG&E Response to TURN Data Request 2, Q. 12	Confidential
TURN DR 2-13	PG&E Response to TURN Data Request 2, Q. 13	Public
TURN DR 3-6	PG&E Response to TURN Data Request 3, Q. 6	Public
TURN DR 3-8	PG&E Response to TURN Data Request 3, Q. 8	Public
TURN DR 3-9	PG&E Response to TURN Data Request 3, Q. 9	Public
TURN DR 4-1	PG&E Response to TURN Data Request 4, Q. 1	Public
TURN DR 4-3	PG&E Response to TURN Data Request 4, Q. 3	Public
TURN DR 5-1	PG&E Response to TURN Data Request 5, Q. 1	Public
TURN DR 5-2	PG&E Response to TURN Data Request 5, Q. 2	Public
TURN DR 5-3	PG&E Response to TURN Data Request 5, Q. 3	
TURN DR 5-4	PG&E Response to TURN Data Request 5, Q. 4	Public
TURN DR 5-5	PG&E Response to TURN Data Request 5, Q. 5	Public
TURN DR 6-1	PG&E Response to TURN Data Request 6, Q. 1	
TURN DR 6-2	PG&E Response to TURN Data Request 6, Q. 2	
TURN DR 6-3	PG&E Response to TURN Data Request 6, Q. 3	
TURN DR 7-1	PG&E Response to TURN Data Request 7, Q. 1	Public
TURN DR 7-4	PG&E Response to TURN Data Request 7, Q. 4	Public
TURN DR 7-5	PG&E Response to TURN Data Request 7, Q. 5	Confidential
TURN DR 7-7	PG&E Response to TURN Data Request 7, Q. 7	Public
TURN-2	Post-Workshop Reply Comments of the CAISO on Resource Adequacy, Phase 2, Track 1 Proposals, From R.05-12-013	Public
TURN-3	Response of the CAISO to CLECA Motion to Strike Portions of the Revised IOU's Straw Proposal for Demand Response Cost Effectiveness, From R. 07-01-041	Public
DRA-1	DRA Direct Testimony Public Version	Public
DRA-1 C	DRA Direct Testimony Confidential Version	Confidential
DRA DR 2-7	PG&E Response to DRA Data Request 2, Q. 7	
DRA DR 2-8	PG&E Response to DRA Data Request 2, Q. 8	
DRA DR 2-9	PG&E Response to DRA Data Request 2, Q. 9	
DRA DR 2-10	PG&E Response to DRA Data Request 2, Q. 10	
DRA DR 2-12	PG&E Response to DRA Data Request 2, Q. 12	

DRA DR 2-13	PG&E Response to DRA Data Request 2, Q. 13	
DRA DR 3-2	PG&E Response to DRA Data Request 3, Q. 2	
DRA DR 3-3	PG&E Response to DRA Data Request 3, Q. 3	
DRA DR 3-5	PG&E Response to DRA Data Request 3, Q. 5	
ED DR 1-2	PG&E Response to Energy Division Data Request 1, Q. 2	
ED DR 1-4	PG&E Response to Energy Division Data Request 1, Q. 4	
ED DR 1-5	PG&E Response to Energy Division Data Request 1, Q. 5	
ED DR 1-6	PG&E Response to Energy Division Data Request 1, Q. 6	
ED DR 1-7	PG&E Response to Energy Division Data Request 1, Q. 7	
ED DR 1-8	PG&E Response to Energy Division Data Request 1, Q. 8	
ED DR 1-10	PG&E Response to Energy Division Data Request 1, Q. 10	
ED DR 2-2	PG&E Response to Energy Division Data Request 2, Q. 2	

Attachment B

**Post-Workshop Reply Comments of the CAISO on Resource Adequacy,
Phase 2, Track 1 Proposals, From R.05-12-013**

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Consider)	
Refinements to and Further Development of the)	R.05-12-013
Commission's Resource Adequacy)	
Requirements Program)	
<hr/>		

**POST-WORKSHOP REPLY COMMENTS OF THE
CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION
ON RESOURCE ADEQUACY PHASE 2, TRACK 1 PROPOSALS**

Anthony J. Ivancovich, Assistant General Counsel
Grant A. Rosenblum, Senior Counsel
Judith B. Sanders, Regulatory Counsel
California Independent System Operator
151 Blue Ravine Road
Folsom, CA 95630
Telephone: 916-351-4400
Facsimile: 916-351-2350

Attorneys for the
California Independent System Operator

Dated: April 20, 2007

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Consider)	
Refinements to and Further Development of the)	R.05-12-013
Commission's Resource Adequacy)	
Requirements Program)	
<hr/>		

**POST-WORKSHOP REPLY COMMENTS OF THE
CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION
ON RESOURCE ADEQUACY PHASE 2, TRACK 1 PROPOSALS**

In accordance with the procedural schedule set forth in the Assigned Commissioner's Ruling and Scoping Memo for Phase 2, dated December 22, 2006 ("ACR"), the California Independent System Operator Corporation ("CAISO"), respectfully submits its post-workshop reply comments on issues identified as "Track 1" in the above-captioned proceeding. The reply comments follow the outline contained in the Commission Staff's Workshop Report.

I. The Commission Should Adopt the Zonal Proposal Developed by the Joint Parties

The CAISO's position on the topic of addressing zonal capacity needs is set forth in the Joint Parties'¹ reply comments on Path 26 RA Counting Proposal.

II. Local Resource Adequacy Issues

A. 2008 LCR Study

1. The CAISO Properly and Consistently Applied the LCR Study Methodology to SCE's Service Territory

In its comments, SCE alleges that the "CAISO's 2008 LCR Study has inappropriately used outages of intertie transmission lines to define local needs in both

¹ Joint Parties are SCE, PG&E, SDG&E, TURN and the CAISO.

the Big Creek/Ventura area and the LA Basin Area. (SCE Comments at 3.) SCE asserts that as a result of this purported departure from the 2007 LCR Study, the amount of local generation required in SCE's service territory has significantly and improperly increased.² This allegation is incorrect. Equally important, SCE appears to also be confused regarding the effect a local area boundary, as opposed to a relevant, limiting contingency, on local capacity needs.

Contrary to the implication raised by SCE, the fundamental methodology underlying the 2008 LCR has not changed from the 2007 study. This reality is manifest from a comparison of page 18 of the 2008 LCR Study and page 15 of the 2007 LCR Study. Simply put, the potential universe of transmission line outages that may be considered for purposes of identifying the most severe contingency and the resulting LCR need for a particular local area has always encompassed any transmission line, including interties. Thus, the methodology underlying the CAISO's evaluation of the LA Basin was not enlarged or otherwise modified.

The CAISO in its April 3, 2007 update to the 2008 LCR Study explained that the increase in LCR in the LA Basin resulted from unavailability of results from a then-pending SCE study evaluating the effect on the South of Lugo operational path rating of transmission upgrades that were still under construction at the time of the 2007 LCR Study. The 2008 LCR study incorporates the outcome of the SCE study and therefore reflects the current, accurate South of Lugo operational path rating. Thus, as noted in the 2008 LCR Study, the increase in capacity needs in the LA Basin arises from differences between the manner in which the CAISO accounted for the unavailability and uncertainty of the study results in the 2007 LCR Study and the use of actual final results of the SCE study in the 2008 LCR Study.

At the time the 2007 LCR Study was performed, South of Lugo had a formal operational path rating of 5600 MW. However, the CAISO understood that the South of Lugo operational path rating would increase during the following year when CAISO-approved transmission upgrades were completed or finally implemented by SCE. The

² SCE questions whether the CAISO's March 21, 2007 stakeholder presentations transposed a number for the Big Creek/Ventura local area. The total LCR need for the Big Creek/Ventura is 3,658 MW as stated in both March 9 and April 3 LCR reports. The March 21, 2007 stakeholder meeting presentation was in error.

extent of the increase was unknown because the new South of Lugo operational path rating was under development by SCE. The new formal South of Lugo operational path rating is 6100 MW as a result of the completed upgrades.

Accordingly, at the time the 2007 LCR study was performed, the CAISO identified two potential means of addressing the uncertainty surrounding the South of Lugo operational path rating. The first option was to use the approved South of Lugo operational rating of 5600 MW. This option would have resulted in a 2007 LCR need driven by the loss of Devers-Valley 500 kV line with SONGS #3 unit out of service, while maintaining the 5600 MW South of Lugo operational path rating. Such an outcome would have been equal to last year's projected need plus the SONGS #3 units output and additional generation to keep the path below the 5600 MW limit (see footnote 24 in page 65 under the 2007 LCR Report) (e.g., $8843 + 1080 + 900 = 10823$ MW). The second option ignored the existing 5600 MW operational path rating as obsolete and, instead, utilized the next worst contingency in the area based on the same criteria published in page 15 of the 2007 LCR report.

The CAISO selected the second option, which resulted in a 2007 LA Basin LCR need of 8843 MW, on the basis that the first option was unfair to LSEs and ratepayers because it did not take advantage of the upgrades. Had the accurate data been used, the real need for 2007 should have been equal with last year's projected need plus the SONGS #3 units output (e.g., $8843 + 1080 = 9923$ MW). Accordingly, the South of Lugo upgrades lowered the LCR needs by 900 MW (e.g., $10823 - 9923 = 900$ MW), refuting SCE's assertion that the CAISO's 2008 LCR Study suggests that the South of Lugo upgrades were not beneficial. The change the actual need of 9923 MW in 2007 to 10130 in the 2008 LCR Study is driven by load increase in the LA Basin over the past year. Again, SCE's assertion of a "significant" increase in LCR for LA Basin is simply false.

Part of SCE's confusion is evident by its statement that the increase in LCR in the LA Basin is the result of a change in the LA Basin "boundary" between the 2007 and 2008 LCR Studies from the Devers-Valley 500 kV line to the Devers-Palo Verde 500 kV line. This boundary realignment was instituted for LA Basin at SCE request and after diligent coordination between CAISO planning and operations engineering with SCE

planning and operations engineering. A change in boundary of a local area affects what load and which generators are considered in the local area. Here, the change reflects the inclusion of the Devers 500 kV bus. However, no load or generators are connected to that bus. Thus, the boundary change is wholly irrelevant to any LCR increase in 2008 because the same loads and generators were in the area before and after the realignment.

Similarly, SCE “questions” the appropriateness of the considering a Lugo-Victorville outage as part of the critical contingency defining the Big Creek/Ventura local area. The CAISO finds this claim disconcerting. As SCE acknowledges, SCE itself has done the same studies and used the same contingency (Lugo-Victorville 500 kV) in order to come up with their own LCR results for Big Creek/Ventura. However, SCE now attempts to discount this fact by claiming that its “2006 Transmission Expansion Plan was developed in an effort to mimic the methodology, the methodology, local area definitions, and dispatch that SCE believed the CAISO was intending to follow in its LCR Study.” Candid communication and coordination is critical between the CAISO and the Participating Transmission Owners (“PTOs”) in conducting the LCR Study. The time to question the use of the contingency was back in 2006 when it was “mimicking” the CAISO, not now at the eleventh hour.

SCE suggests that its concerns regarding the LA Basin warrant reverting back to the use of the RMR definitions for determining LCR in the LA Basin. (SCE Comments at 5.) The Commission should reject this suggestion. Using the RMR definition for LCR it is infeasible for the following two reasons:

- 1) RMR definitions are established yearly and change yearly. The LCR local area definitions are based on historical knowledge of the system and aligned with current operational practices. In order to accommodate longer-term procurement, the study inputs, methodology and assumptions clearly specify that local area the boundary should be fixed so that the same loads are responsible for, and same generators eligible to meet, the LCR needs in a particular area. Accordingly, for purposes of the LCR, the CAISO does not anticipate substantive changes to the local areas boundaries unless a major transmission or generation project becomes operational and alter existing local area constraints.

- 2) One major change from the RMR studies into the LCR studies is that all units needed to maintain local reliability are included in the need part. The stakeholders and CPUC in its RA program wanted the CAISO to tell LSE all local reliability needs of the system in order for them to achieve an informed procurement, so that at the end of the process the CAISO would not use its back-stop procurement role for issues not covered in this report because that would cause over procurement (since the LSE have already procured 115 %-117% of their peak capacity requirement). The old RMR studies considered that all units needed for 500 kV path mitigation (including South of Lugo) are provided to the CAISO through market, therefore they were considered on-line in those studies without being included in the need part. The old RMR definition does not provide the CAISO with enough capacity to mitigate the most stringent constraint that we face in real-time (South of Lugo path). PG&E and SDG&E have a lot of lower (60, 70, 115, 230 kV) related LCR needs as such by the time all the generation is added there is almost no need to mitigate 500 kV paths or contingencies. On the other hand the SCE system is constrained on the 500 kV system and not as much on the lower kV system. Still the CAISO needs to maintain local grid reliability regardless of voltage or constraint type.

Finally, the Commission has the authority to determine whether to require its jurisdictional LSEs to procure needed local capacity. In this regard, the CAISO notes that LSEs will have approximately the same time to procure local capacity in the Big Creek/Ventura local area as LSEs had last year in procuring to meet the new LCR requirements generally. Therefore, given that the CAISO believes the Big Creek/Ventura local area represents capacity needed to meet accepted reliability criteria, the CAISO believes that no waivers or phase in should be allowed and that the Commission's general waiver provisions are sufficient.

2) PG&E Does Not Raise Concerns Sufficient to Delay or Modify Adoption of the 2008 LCR Study

PG&E primarily seeks to improve the process leading to publication of the CAISO's LCR Studies. The CAISO shares PG&E's goal of conducting the LCR Study in a deliberate manner that is fully integrated into the CAISO's annual grid planning process. While progress has been made, including the widely approved establishment of LSAG, the CAISO recognizes that improvements must still be made. PG&E's concerns over the study process do not, however, warrant any delay in the Commission's adoption of the 2008 LCR Study results.

In this regard, PG&E provides a single example of an apparent lack of transparency in the 2008 LCR Report that relates to question whether the CAISO counts partial or whole generating units. The CAISO does not count whole units. Instead, the CAISO utilizes the actual generation output of the units in the area up to 100% loading on the most constrained element. If an area is driven by an G-1 or a G-1, L-1, then the most limiting generation outage is added as a whole unit to the actual generation output of all units in the area needed in order to maintain 100% loading on the most constrained element. Finally, the CAISO attaches its response to PG&E's comments to the CAISO on the 2008 LCR Study, dated March 29, 2007, to demonstrate that PG&E's technical concerns have been considered.

3) The Commission Should Reject Aglet's Proposed Revisions to the Local RAR Program

Aglet asserts that the CAISO's 2008 LCR Study suffers from three defects: (1) it fails to discuss probabilistic analysis, (2) it fails to address demand response, and (3) it fails to apply a 1-in-5 temperature demand forecast. (Aglet Comments at 2.) As ALJ Wetzell is well aware, the CAISO has complied with the Commission's directive to address on the record in this proceeding the potential application of a probabilistic analysis as well as the role of demand response in satisfying local capacity requirements. As such, Aglet's criticisms of the 2008 LCR Study in this regard are misplaced.

Aglet's request to adopt a 1-in-5 adverse weather demand forecast is also without merit and should be rejected. The propriety of the input assumptions underlying the 2008

LCR Study were fully vetted and agreed upon through the LCR Study Advisory Group (“LSAG”). No active member of LSAG disputes the use of the as applied 1-in-10 demand forecast assumption in the 2008 LCR Study.

Moreover, Aglet’s calculation of relative cost effectiveness of utilizing the different demand forecasts is incomplete and inaccurate. First, Aglet errs by assuming the existence of a per MW reduction in LSE RA procurement for every MW reduction in the local capacity requirement. In reality, if the local capacity numbers are reduced, the aggregate procurement by LSEs remains unchanged. The reason is that local capacity counts toward satisfaction of the overall system RA needs, i.e., 115-117% of 1-in-2 adverse temperature demand forecast. Thus, the cost effectiveness should be calculated based on the difference in price between purchasing RA capacity with local attributes compared to RA capacity without such attributes. Second, Aglet myopically compares costs only to the value of service assigned by residential customers – the customer class that least values reliable electric service. When other customer classes are considered, such as small and large businesses, PG&E’s 2005 Value of Service Study clearly suggests the cost to customer of service interruptions greatly exceed the cost of producing the electricity.

4) The Commission Should Reject AReM’s Program Modifications

AReM expresses concern that the RAR program is a “one-way street” that focuses on generation solutions and therefore imposes on LSEs - but not the transmission owners responsible for the constraints - the burden of satisfying increases LCR obligations. AReM’s criticism ignores the overall regulatory landscape. In Order 890 (February 16, 2007), FERC recently mandated all transmission providers adopt a planning process that explicitly seeks to identify and promote cost-effective transmission solutions to congestion and other operational requirements. Even prior to issuance of Order 890, the CAISO embarked on an effort to implement a more proactive transmission planning process that seeks to improve reliability and the economic efficiency of system operation. The CAISO’s “2007 Transmission Plan” represents the initial outcome of its still evolving effort.³ The CAISO, therefore, recognizes that it must coordinate with the Commission to integrate transmission planning and LSE procurement requirements into

³ See, Annual Transmission Planning, <http://www.caiso.com/thegrid/planning/index.html>.

their respective processes in a manner that rationally allocates responsibility for grid reliability and eliminates any “one-way street.”

The CAISO further agrees with AReM that PTOs should cooperate with the CAISO, as part of its transmission planning process, to identify and implement any valid operating procedures that may reduce the LCR in their service territories. In this regard, the CAISO reiterates the request made in its opening comments that a supplemental review process be authorized to permit further CAISO evaluation of potential operating solutions that may yet be identified to reduce the LCR for 2008.

The CAISO, however, urges the ALJ to reject certain arbitrary program modifications proposed by AReM. One such proposal is the imposition of an arbitrary 10% limit on LCR increase per utility per year. Nowhere does AReM demonstrate that its proposed limit will enable compliance with the reliability target. Generally, where no new transmission or generation additions occur during a particular year, the LCR need will grow with the load growth, which is approximately 2-3% annually. By definition, some areas and subpockets will grow much faster than the average in the range of 6% per year. The growth capacity requirements resulting from this load growth are not linear because the need may be driven by voltage or reactive margin problems. As such, it may be possible that certain local capacity needs will exceed 10% annual growth even under normal conditions and that other solutions, such as operating solutions or transmission, cannot be implemented in a feasible and timely manner.

The CAISO agrees with AReM, Sempra Global, SDG&E, DRA, and others that the real solution to this problem is well-understood and accepted LCR study methodology, including using a probabilistic analysis, that lead to predictable outcomes. In this regard, the CAISO emphasizes that the addition of the Big Creek/Ventura local area was not the product of changes in the methodology, but rather the result of greater experience with the newly developed LCR Study analysis. Accordingly, the CAISO considers this year’s increase an aberration that is unlikely, if never, to be recurring.

A second AReM proposal that should be rejected by the Commission is the suggested imposition of a rigid threshold that would trigger mandatory CAISO procurement and a concomitant LSE exemption from LCR obligations. The proposal clearly conflicts with the Commission’s policy preference to minimize CAISO

procurement and assign primary responsibility to LSEs to secure resources necessary to reliably serve their load. Moreover, while market power concerns should be vigilantly monitored and addressed, an overly-broad prophylactic approach is unnecessary given the absence of any proof that market power has prevented, or will prevent, LSE compliance with their LCR obligations.

5) CMUA's Claim that the LSAG Did Not Consider the Methodology Underlying the 2008 LCR Study is Incorrect

CMUA states that “[u]nfortunately, by the time the LCR Study Advisory Group (“LSAG”) began work in earnest, it was considered already too late to review changes to the methodology in time for the 2008 Resource Adequacy cycle.” (CMUA Comments at 2.) This is incorrect. The CAISO, in the LSAG, consistently stated as its goal the review of the methodology and assumptions underlying the 2007 LCR methodology for adoption in 2008. In fact, LSAG reviewed the methodology and assumptions used in the 2007 studies and, based on that review and input from LSAG members, the CAISO conducted the 2008 LCR Study without fundamental alterations. In contrast, what there admittedly was insufficient time for was to validate or implement a whole new methodology or the use of a different software package. However, the LSAG group or its success will continue to evaluate any proposed new methodologies on their own technical merit going forward.

6) Response to IEP's Request to Document Discrepancy in SDG&E Demand Forecast

SDG&E has informed the CAISO that: “Please note that SDG&E is using a 90/10 and 80/20 load forecast that originates from the CEC June 2006 staff update as requested by the CAISO, but is different from the CEC forecast due to the use a different ratio than the CEC to calculate the 90/10 and 80/20 forecast. Please also note that SDG&E's forecast and ratio is the same as what is used in the Sunrise Powerlink filing and SDG&E's Long Term Procurement Plan filing. “The exact reason for this departure from CEC method is described in CEC docket 05-SDO-1. Attached is the document that was

filed with the CEC that describes SDG&E's justification for using SDG&E's load forecast.

B. The CAISO Opposes the Adoption of Seasonal LCR Obligations As Part of Track 1

The CAISO submits that no party has refuted the concerns expressed in the CAISO's opening comments against adoption of a seasonal LCR. Accordingly, the CAISO requests that the Commission reject further consideration of a seasonal LCR as part of Track 1.

C. No Further Aggregation of Local Areas is Necessary or Desirable

The CAISO does not support the aggregation of the LCR for SCE's service territory as suggested by certain parties. The causes and system configuration that justify an interim application of aggregation in PG&E's service territory are not analogous to SCE.

Aggregation was employed in the relatively small and often resource deficient local areas in PG&E's service territory to primarily address market power concerns. However, the two local areas identified in SCE's service territory - LA Basin and Big Creek/Ventura ("BCV") – do not implicate the same concern.

Reviewing the CAISO's 2008 LCR Study, the combined Category C local capacity need of the LA Basin and BCV is 13,788 MW. Subtracting the contribution from municipal and QF resources in each local area yields an aggregate LCR of 8,780 MW for these two areas. The LA Basin alone has 8,545 MW of Market MWs as reported in the LCR Study. This equates to 97% of the combined LCR for LA Basin and BCV. As a result, if aggregation was permitted, LSEs could satisfy virtually all the combined obligation through local capacity located solely in the LA Basin. The CAISO is, therefore, concerned that aggregation in SCE's service territory will lead to under-procurement of the "right" MWs to meet the actual needs of both local areas. Such an outcome would likely compel use of the CAISO's backstop procurement at added cost to LSEs. The CAISO urges the Commission to oppose any further aggregation of local areas.

III. The Commission Should Clarify its RA Policy on Demand Response

The CAISO agrees with many of the commenting parties that the majority of the demand response (“DR”) issues should be vetted through the DR OIR; however, the policy pertaining to the counting of reliability-based DR resources for local and/or system RA purposes should be clarified in the Track 1 decision in June and not deferred to another proceeding or to the DR OIR.

The CAISO position continues to be that Stage 2 & 3⁴ emergency-triggered DR programs have value with respect to their narrowly defined role and intended purpose. However, such programs should not “count” as RA capacity given the dispatch trigger is inconsistent with the Commission’s stated RA objectives. By allowing Stage 2 & 3 triggered DR resources to count towards RA capacity, the Commission is, de facto, permitting resource adequacy resources to become available to the grid only after the CAISO has dispatched all other available RA and non-RA resources and is already or expecting to violate WECC/NERC operating requirements to avoid involuntary load shedding. Further, to the extent the eligibility of such DR resources as RA capacity, when coupled with the use of a 1-in-2 adverse temperature demand forecast, compels the CAISO to dispatch non-RA resources to routinely serve load, there will be a cost consequence that may offset the purported economic justification for counting these resources in the first instance.

Accordingly, in its scheduled June decision, the Commission should determine that emergency-triggered DR resources should not count as RA capacity and, importantly, outline the practical realities and steps necessary to achieve its stated policy for these programs. As such, CAISO submits that Commission’s policy should consider a transition phase or phase-out period, a deferral of certain technical and programmatic issues to the DR OIR proceeding, and/or consideration of emergency-triggered DR programs as a Track 3 issue. Such a decision would obviate the need for a wholesale change in Commission policy regarding emergency-triggered DR programs and allow for a pragmatic approach to implementing the policy directive. Thus, the CAISO urges that, at a minimum, the Commission should articulate that its going forward policy will be to

⁴ For an explanation or additional information of the Stages of Electrical Emergencies, please refer to the document found at <http://www.caiso.com/docs/2005/08/03/2005080315474812227.pdf>.

work toward the exclusion of the currently structured emergency-based DR programs from the RA program, and that it will continue to pursue efforts to ensure DR program characteristics align with RA program objectives. In this regard, as a general principle, the Commission should emphasize the development of non-emergency initiated, price-responsive DR programs that integrate with the Day-ahead and/or real-time wholesale electricity markets and timelines. Likewise, the Commission should bring to a close the development and approval of additional emergency-only DR products, particularly if such DR programs are given consideration as resource adequacy capacity.

The CAISO's understanding is that the existing Commission tariffs covering interruptible DR programs are written broadly enough so that these reliability-based programs could be triggered possibly sooner than a declared emergency, i.e., an CAISO issued alert or warning, vs. Stage 2 or 3, even though these programs may have been only dispatched at Stage 2 or 3 historically or in practice. Therefore, to ameliorate concerns regarding the counting of the existing suite of reliability-based DR programs, the CAISO recommends counting existing reliability-based DR programs for meeting local and system RAR, provided these DR resources can transition to be:

- Triggered sooner than an emergency, i.e., at an CAISO issued alert or warning vs. Stage 2 or 3
 - However, after the transition any residual reliability-based DR capacity that is initiated through an CAISO declared emergency would not count for RA; and
 - Any new reliability-based programs would avoid explicit emergency initiation, Stage 1, 2 or 3 and, instead, focus on market-based bidding/pricing structures as the trigger, include limits in terms of maximum dispatchable hours, and reasonable notification periods.
- Identified within a local area as defined by the CAISO's LCR Study
- Dispatched for a declared transmission emergency
- Counted only in the months the programs are dispatchable, i.e. recognizing some programs are only available and dispatchable in the summer months.

With these recommended changes, parties are likely concerned that the CAISO would rely excessively on reliability-based programs should the Commission adopt this

policy and appropriate transitional steps. However, the CASIO includes the following table to clarify that, based on historical evidence, there would not be excessive reliance on these programs nor would the CAISO likely exceed the number of events or hours eligible for dispatch under these programs.

Historic Cumulative Totals of CASIO Declared Alerts, Warnings & Emergencies*

	1998	1999	2002	2003	2004	2005	2006	2007**	Average
Alert	7	2	3	0	1	0	1	0	1.8
Warning	8	6	4	0	2	2	5	0	3.4
Stage 1 Emergency	7	4	2	1	1	1	3	0	2.4
Stage 2 Emergency	5	1	1	0	0	2	1	0	1.3
Stage 3 Emergency	0	0	0	0	0	0	0	0	0.0

* Anomalous data from energy crisis period of 2000 - 2001 excluded

**To date

Source: CAISO website: <http://www.caiso.com/docs/09003a6080/08/8a/09003a6080088aa7.xls>

The benefit of this approach is that DR resources that can be initiated without an emergency declaration. This helps the CAISO satisfy established WECC/NERC minimum operating reserve requirements, without incurring the costs associated with, for example, CAISO use of non-RA resources. In addition, a phase-out approach is consistent with previous Commission decisions such as the phase-out of LD contracts.

In summary, the CAISO is appreciative of the safety net the reliability-based programs have provided to all customers and is mindful of the effort required to transition these established programs. However, the Commission has an opportunity to clarify its policy, and is urged to do so, on transitioning away from the counting of emergency-triggered DR resources to meet local and system RA requirements, and importantly, pave the way for the future state of DR which should be tightly integrated with the wholesale electricity markets and contribute to the reliable operation of the grid.

IV. The CAISO Will Cooperate in Any Commission Decision to Modify the Compliance Year

Several parties support shifting the RA compliance year to May through April from the current calendar year as a means of incorporating the experience of the most recent summer into the coming year's RA requirements. The CAISO similarly supports

examining the feasibility of this shift. However, such a shift is likely impractical for implementation in 2008. The CAISO emphasizes its continuing commitment to cooperate to ensure that CAISO process coordinate with determinations made by the Commission on its RA program.

V. RA and RMR Coordination Option 8 Garnered Virtually Unanimous Support

Most parties, including the CAISO, support Option 8 of the Workshop Report for addressing the coordination of RA and the CAISO's backstop procurement function going forward. The CAISO recognizes the message underlying this selection – a replacement for the current Reliability Capacity Services Tariff ("RCST") is essential. The CAISO is committed to the extension of its RCST-type authority.

However, as TURN observed, some uncertainty exists whether the Federal Energy Regulatory Commission will approve such a mechanism in time for implementation in the 2008 RA compliance year. It is precisely because of this uncertainty that the CAISO will be pursuing alignment of the LCR and Reliability Must-Run ("RMR") criteria as a means of facilitating the use of its RMR authority to comply with local reliability requirements. Current RMR cost allocation rules do create the possibility of spreading these CAISO "backstop" costs other than to those LSEs that triggered the capacity deficiency. For this reason, TURN advocated pursuing Option 8 in the first instance, and developing an Option 7 transfer payment as a secondary alternative. The CAISO agrees that TURN's proposal to utilize the average RMR cost in each utility's service territory as the basis for the transfer payment constitutes a potentially elegant solution. The Commission should, therefore, assess the viability of this option from the standpoint of its own authority and regulatory processes.

VI. The Commission Staff's Proposal on Counting Wind Resources Be Augmented After Additional Analysis of the Performance of Wind Resources on Peak

In addressing qualifying capacity for wind resources, PG&E commented that "the 2006 RA Report highlighted that wind produced less during the peak than their current

qualifying capacity.”⁵ The CAISO agrees with this assessment and the conclusion drawn in the Commission’s 2006 RA Report that “wind units provided significantly less actual generation at peak than the NQC value established by the counting conventions.”⁶ Given the marginal performance of wind resources over the peak period in Summer 2006, the Commission should seriously consider reviewing the qualifying capacity counting rules for wind resources so that the peak period performance of wind resources more closely align with RA counting conventions. With the CAISO’s assistance, the Commission should analyze how the variants over which wind performance is evaluated, such as hours and/or months, is causing a misalignment between performance and the counting convention. However, in the interim, the Commission staff proposal is an acceptable enhancement to the current counting protocols.

VII. The Commission Should Support Calpine’s Efforts to Advance the Development of a Standardized Capacity Product

In its April 6, 2007 comments, the CAISO acknowledged the value of the progress made by Calpine and other parties in developing standardized capacity product to facilitate the creation of a more liquid market for capacity. Calpine provided additional evidence of its commitment to this effort by providing draft changes to the CAISO’s MRTU Tariff to further the proposal’s key feature - making RA capacity suppliers responsible directed to the CAISO, through explicit requirements in the CAISO Tariff. The CAISO reiterates its support for Calpine’s effort and the need for a separate effort outside the Track 1 process to evaluate a possible procedural schedule and structure to review the obligations and requirements to support a standard capacity product, including potential changes to the CAISO Tariff.

⁵ See *Pacific Gas and Electric Company (U 39 E) Resource Adequacy Phase 2-Track 1 Comments*, April 6, 2007, Footnote 22, p. 21.

⁶ See CPUC’s *2006 Resource Adequacy Report*, February 2, 2007, p. 33.

VIII. Conclusion

The CAISO respectfully requests that the assigned Administrative Law Judge prepare a draft decision on Track 1 issues consistent with the comments set forth herein and in the CAISO's opening comments, dated April 6, 2007.

Respectfully submitted,

/s/**Grant A. Rosenblum**
Grant A. Rosenblum

Attorney for
The California Independent
System Operator

CERTIFICATE OF SERVICE

I hereby certify that on April 20, 2007 I served, by electronic mail and United States Mail, a copy of Post-Workshop Reply Comments Of The California Independent System Operator Corporation On Resource Adequacy Phase 2, Track 1 Proposals on all parties in Docket Number R. 05-12-013.

DATED at Folsom, California on April 20, 2007.

/s/ **Susan L. Montana**

Susan L. Montana

smontana@caiso.com

An Employee of the California
Independent System Operator

DAVID J. COYLE ANZA ELECTRIC COOPERATIVE, INC 58470 HIGHWAY 371 ANZA, CA 92539-1909	JEDEDIAH GIBSON ELLISON SCHNEIDER & HARRIS 2015 H STREET SACRAMENTO, CA 95814	MIKE KASABA QUIET ENERGY 3311 VAN ALLEN PLACE TOPANGA, CA 90290	RANDALL PRESCOTT BP ENERGY COMPANY 69 WINN STREET, FIRST FLOOR BURLINGTON, MA 1803
AUDRA HARTMANN LS POWER GENERATION Audra.Hartmann@Dynergy.com	BILL LYONS CORAL POWER, LLC Bill.Lyons@shell.com	BOB ANDERSON APS ENERGY SERVICES Bob_Anderson@apses.com	CONSTANCE PARR LENI CALIFORNIA ENERGY COMMISSION Cleni@energy.state.ca.us
DON P. GARBER SAN DIEGO GAS AND ELECTRIC COMPANY DGarber@semptra.com	JACQUELINE DEROSA CALIFORNIA ISO JDeRosa@caiso.com	JAMES MCMAHON NAVIGANT CONSULTING JMcMahon@NavigantConsulting.com	KATHRYN WIG NRG ENERGY, INC. Kathryn.Wig@nrgenergy.com
LISA G. URICK SAN DIEGO GAS & ELECTRIC COMPANY Lurick@semptra.com	MICHAEL TEN EYCK CITY OF RANCHO CUCAMONGA MTENEYCK@CI.RANCHO-CUCAMONGA.CA.US	STEPHANIE LA SHAWN PACIFIC GAS AND ELECTRIC COMPANY S1L7@pge.com	SARA O'NEILL CONSTELLATION NEW ENERGY, INC. SARA.O'NEILL@CONSTELLATION.COM
TONY ZIMMER Northern California Power Agency Tony.Zimmer@ncpa.com	ANDREW B. BROWN GOODIN, SCHNEIDER & HARRIS, LLP abb@eslawfirm.com	ADRIAN PYE ENERGY AMERICA, LLC adrian.pye@na.centrica.com	Andrew Campbell CALIF PUBLIC UTILITIES COMMISSION ago@cpuc.ca.gov
AKBAR JAZAYEIRI SOUTHERN CALIFORNIA EDISON COMPANY akbar.jazayeri@sce.com	ALAN COMNES WEST COAST POWER alan.comnes@nrgenergy.com	ALEXANDRE B. MAKLER CALPINE CORPORATION alexm@calpine.com	ARTHUR HAUBENSTOCK PACIFIC GAS AND ELECTRIC COMPANY alhj@pge.com
FRANK ANNUNZIATO AMERICAN UTILITY NETWORK INC. allwazeready@aol.com	ANDREW ULMER CALIFORNIA DEPARTMENT OF WATER RESOURCES aulmer@water.ca.gov	ANDREA WELLER STRATEGIC ENERGY aweller@sef.com	Bishu Chatterjee CALIF PUBLIC UTILITIES COMMISSION bbc@cpuc.ca.gov
BONNIE S. BLAIR THOMPSON COBURN LLP bblair@thompsoncoburn.com	BRIAN T. CRAGG GOODIN MACBRIDE SQUERI RITCHIE & DAY LLP bcragg@gmssr.com	BALDASSARO DI CAPO, ESQ. CALIFORNIA ISO bdcapo@caiso.com	BILL CHEN CONSTELLATION NEWENERGY, INC. bill.chen@constellation.com
BRIAN K. CHERRY PACIFIC GAS AND ELECTRIC COMPANY bk7@pge.com	SCOTT BLAISING BRAUN & BLAISING, P.C. blaising@braunlegal.com	BARRY F. MCCARTHY MCCARTHY & BERLIN, LLP bmcc@mccarthyllaw.com	KEVIN BOUDREAUX CALPINE CORPORATION boudreauxk@calpine.com
CHARLES A. BRAUN BRAUN & BLAISING, P.C. braun@braunlegal.com	BARBARA R. BARKOVICH BARKOVICH & YAP, INC. brbarkovich@earthlink.net	BARRY R. FLYNN FLYNN RESOURCE CONSULTANTS, INC. brflynn@flynnrci.com	BRIAN THEAKER WILLIAMS POWER COMPANY brian.theaker@williams.com
HSI BANG TANG AZUSA LIGHT, POWER & WATER btang@ci.azusa.ca.us	CARLA PETERMAN UCEI carla.peterman@gmail.com	TRENT CARLSON BP ENERGY COMPANY cart5@bp.com	CASE ADMINISTRATION SOUTHERN CALIFORNIA EDISON COMPANY case.admin@sce.com
CALIFORNIA ENERGY MARKETS cem@newsdata.com	CENTRAL FILES SAN DIEGO GAS AND ELECTRIC COMPANY centralfiles@semptrautilities.com	CENTRAL FILES SAN DIEGO GAS AND ELECTRIC COMPANY centralfiles@semptrautilities.com	Charlyn A. Hook CALIF PUBLIC UTILITIES COMMISSION chh@cpuc.ca.gov
CHRISTOPHER A. HILEN SIERRA PACIFIC POWER COMPANY chilen@sppc.com	CHRISTOPHER J. MAYER MODESTO IRRIGATION DISTRICT chrism@mid.org	CAROLYN KEHREIN ENERGY MANAGEMENT SERVICES cmkehrein@ems-ca.com	CRYSTAL NEEDHAM EDISON MISSION ENERGY cneedham@edisonmission.com
CARL PECHMAN POWER ECONOMICS cpechman@powereconomics.com	CURTIS KEBLER GOLDMAN, SACHS & CO. curtis.kebler@gs.com	DAREN CHAN d1ct@pge.com	DANIEL A. KING SEMPRA ENERGY daking@semptra.com
DAVID BRANCHCOMB BRANCHCOMB ASSOCIATES, LLC david@branchcomb.com	Donald J. Brooks CALIF PUBLIC UTILITIES COMMISSION dbr@cpuc.ca.gov	DOUGLAS BROOKS SIERRA PACIFIC POWER COMPANY dbrooks@nevpc.com	DONALD BROOKHYSER ALCANTAR & KAHL LLP deb@a-klaw.com
DEBRA LLOYD CITY OF PALO ALTO debra.lloyd@cityofpaloalto.org	DENNIS M.P. EHRLING KIRKPATRICK & LOCKHART NICHOLSON GRAHAM dehling@king.com	DAVID E. MORSE demorse@omsoft.com	DIANE I. FELLMAN FPL ENERGY, LLC diane_fellman@fpl.com
Donna J. Hines CALIF PUBLIC UTILITIES COMMISSION djh@cpuc.ca.gov	David Console CALIF PUBLIC UTILITIES COMMISSION dkc@cpuc.ca.gov	DAVID X. KOLK COMPLETE ENERGY SERVICES INC dkolk@compenergy.com	DAVID MARCUS dmarcus2@sbcglobal.net
DOUGLAS MCFARLAN MIDWEST GENERATION EME dmcfarlan@mwgen.com	DANIEL W. DOUGLASS DOUGLASS & LIDDELL douglass@energyattorney.com	DESPINA PAPAPOSTOLOU SAN DIEGO GAS AND ELECTRIC COMPANY dpapapostolou@semptrautilities.com	DAVID A. SANDINO CALIFORNIA DEPARTMENT OF WATER RESOURCES dsandino@water.ca.gov
DEVRA WANG NATURAL RESOURCES DEFENSE COUNCIL dwang@nrdc.org	DAVID WITHROW CALIFORNIA ISO dwithrow@caiso.com	DONALD SCHOENBECK RCS, INC. dws@r-c-s-inc.com	LEGAL & REGULATORY DEPARTMENT CALIFORNIA ISO e-recipient@caiso.com
ED CHANG FLYNN RESOURCE CONSULTANTS, INC. edchang@flynnrci.com	Elizabeth Dorman CALIF PUBLIC UTILITIES COMMISSION edd@cpuc.ca.gov	E.J. WRIGHT OCCIDENTAL POWER SERVICES, INC. ej_wright@oxy.com	EVELYN KAHL ALCANTAR & KAHL, LLP ek@a-klaw.com

ED LUCHA PACIFIC GAS AND ELECTRIC COMPANY ell5@pge.com	ELENA MELLO SIERRA PACIFIC POWER COMPANY emello@sierrapacific.com	ERIC OLSON NAVIGANT CONSULTING INC. eolson@navigantconsulting.com	EDWARD V. KURZ PACIFIC GAS AND ELECTRIC COMPANY evk1@pge.com
VICKI E. FERGUSON BRAUN & BLAISING P.C. ferguson@braunlegal.com	KAREN TERRANOVA ALCANTAR & KAHL, LLP filings@a-klaw.com	F. Jackson Stoddard CALIF PUBLIC UTILITIES COMMISSION fjs@cpuc.ca.gov	FRED MASON CITY OF BANNING fmason@ci.banning.ca.us
FRED MOBASHERI ELECTRIC POWER GROUP fmobasher@aol.com	MATTHEW FREEDMAN THE UTILITY REFORM NETWORK freedman@turm.org	Farzad Ghazzagh CALIF PUBLIC UTILITIES COMMISSION fxg@cpuc.ca.gov	GREG BASS SEMPRA ENERGY SOLUTIONS gbass@semprasolutions.com
GARY DESHAZO CALIFORNIA ISO gdeshazo@caiso.com	GREGORY T. BLUE DYNEGY INC. greg.blue@dynegy.com	GRANT A. ROSENBLUM CALIFORNIA ISO grosenblum@caiso.com	GRETCHEN SCHOTT RELIANT ENERGY, INC. gschott@reliant.com
GRACE LIVINGSTON-NUNLEY PACIFIC GAS AND ELECTRIC COMPANY gxl2@pge.com	HOLLY B. CRONIN CALIFORNIA DEPARTMENT OF WATER RESOURCES hcronin@water.ca.gov	MICHAEL WERNER CALIFORNIA DEPARTMENT OF WATER RESOURCES hcronin@water.ca.gov	LILI SHAHRIARI AOL UTILITY CORP. ibbarrett@adelphia.net
IRENE K. MOOSEN irene@igc.org	L. JAN REID COAST ECONOMIC CONSULTING janreid@coastecon.com	JOSEPH B. WILLIAMS MCDERMOTT WILL & EMERGY LLP jbwilliams@mwe.com	JENNIFER CHAMBERLIN STRATEGIC ENERGY, LLC jchamberlin@strategicenergy.com
JEFFERY D. HARRIS ELLISON, SCHNEIDER & HARRIS LLP jdh@eslawfirm.com	JEFF LAM POWEREX CORP jeff.lam@powerex.com	JEFFREY P. GRAY DAVIS WRIGHT TREMAINE, LLP jeffgray@dwtd.com	JENINE SCHENK APS ENERGY SERVICES jenine.schenk@apses.com
JESUS ARREDONDO NRG ENERGY INC. jesus.arredondo@nrgenergy.com	JACQUELINE GEORGE CALIFORNIA DEPARTMENT OF WATER RESOURCES jgeorge@water.ca.gov	JOHN GOODIN CALIFORNIA ISO jgoodin@caiso.com	JAMES MAYHEW MIRANT CORPORATION jim.mayhew@mirant.com
JAMES ROSS REGULATORY & COGENERATION SERVICES, INC. jimross@r-c-s-inc.com	JOHN JENSEN MOUNTAIN UTILITIES jjensen@kirkwood.com	KAREN E. BOWEN WINSTON & STRAWN LLP jkarp@winston.com	JOHN W. LESLIE LUCE, FORWARD, HAMILTON & SCRIPPS, LLP jleslie@luce.com
JANE E. LUCKHARDT DOWNEY BRAND LLP jluckhardt@downeybrand.com	JENNIFER A. MORRISSEY CLEARY GOTTlieb STEEN & HAMILTON LLP jmorrissey@cgsh.com	JOSEPH PETER COMO CITY AND COUNTY OF SAN FRANCISCO joe.como@sfgov.org	JOHN R. REDDING ARCTURUS ENERGY CONSULTING johnredding@earthlink.net
JEANNETTE OLKO COLTON ELECTRIC DEPARTMENT jolko@ci.colton.ca.us	JOY A. WARREN MODESTO IRRIGATION DISTRICT joyw@mid.org	JOHN PACHECO CALIFORNIA DEPARTMENT OF WATER RESOURCES jpacheco@water.ca.gov	JUDITH SANDERS CALIFORNIA ISO jsanders@caiso.com
JANINE L. SCANCARELLI FOLGER, LEVIN & KAHN, LLP jscancarelli@flk.com	JAMES D. SQUERI GOODIN, MACBRIDE, SQUERI, DAY & LAMPREY jsqueri@goodinmacbride.com	JUDY PAU DAVIS WRIGHT TREMAINE LLP judypau@dwtd.com	JAMES WEIL AGLET CONSUMER ALLIANCE jweil@aglet.org
JOSEPH F. WIEDMAN GOODIN MACBRIDE SQUERI RITCHIE & DAY,LLP jwiedman@gmssr.com	KENNETH E. ABREU k.abreu@sbcglobal.net	KEONI ALMEIDA CALIFORNIA INDEPENDENT SYSTEM OPERATOR kalmeida@caiso.com	KAREN A. LINDH LINDH & ASSOCIATES karen@klindh.com
KATIE KAPLAN INTEGRATED ENERGY SOLUTIONS LLC katie@iesolutionsllc.net	KIRBY DUSEL NAVIGANT CONSULTING, INC. kdusel@navigantconsulting.com	Kathryn Auriemma CALIF PUBLIC UTILITIES COMMISSION kdw@cpuc.ca.gov	KEVIN WOODRUFF WOODRUFF EXPERT SERVICES, INC. kdw@woodruff-expert-services.com
KERRY HATTEVIK MIRANT CORPORATION kerry.hattevik@mirant.com	KEITH JOHNSON CALIFORNIA INDEPENDENT SYSTEM OPERATOR kjohnson@caiso.com	KEVIN J. SIMONSEN ENERGY MANAGEMENT SERVICES kjsimonsen@ems-ca.com	GREGORY S.G. KLATT DOUGLASS & LIDDELL klatt@energyattorney.com
KEITH MCCREA SUTHERLAND, ASBILL & BRENNAN kmccrea@sablaw.com	KIMBERLY KIENER IMPERIAL IRRIGATION DISTRICT kмкиener@iid.com	Karen M. Shea CALIF PUBLIC UTILITIES COMMISSION kms@cpuc.ca.gov	AVIS KOWALEWSKI CALPINE CORPORATION kowalewskia@calpine.com
Karen P. Paull CALIF PUBLIC UTILITIES COMMISSION kpp@cpuc.ca.gov	KRIS G. CHISHOLM CALIFORNIA ELECTRICITY OVERSIGHT BOARD kris.chisholm@eob.ca.gov	KEN SIMS SILICON VALLEY POWER ksims@siliconvalleypower.com	KENNY SWAIN POWER ECONOMICS kswain@powereconomics.com
KEITH SWITZER GOLDEN STATE WATER COMPANY kswitzer@gswater.com	KURT DUVAL CITY OF CORONA kurt.duval@ci.corona.ca.us	Laurence Chaset CALIF PUBLIC UTILITIES COMMISSION lau@cpuc.ca.gov	LAURA GENAO SOUTHERN CALIFORNIA EDISON COMPANY laura.genao@sce.com
LISA A. COTTLE WINSTON & STRAWN LLP lcottle@winston.com	DONALD C. LIDDELL DOUGLASS & LIDDELL liddell@energyattorney.com	LISA DECKER CONSTELLATION ENERGY GROUP, INC. lisa.decker@constellation.com	LISA WEINZIMER PLATTS lisa_weinzimer@platts.com
LAWRENCE KOSTRZEWA EDISON MISSION ENERGY lkostrzewa@edisonmission.com	LYNELLE LUND COMMERCE ENERGY, INC. llund@commerceenergy.com	LYNN MARSHALL CALIFORNIA ENERGY COMMISSION lmarshall@energy.state.ca.us	LYNN M. HAUG ELLISON & SCHNEIDER lmh@eslawfirm.com

LEE TERRY CALIFORNIA DEPARTMENT OF WATER RESOURCES lterry@water.ca.gov	LEEANNE UHLER CITY OF RIVERSIDE luhler@riversideca.gov	LANA WONG CALIFORNIA ENERGY COMMISSION lwong@energy.state.ca.us	MARIC MUNN UNIVERSITY OF CALIFORNIA maric.munn@ucop.edu
MARK J. SMITH FPL ENERGY mark_j.smith@fpl.com	MARY LYNCH CONSTELLATION ENERGY COMMODITIES GROUP mary.lynych@constellation.com	BRUCE MCLAUGHLIN BRAUN & BLAISING, P.C. mclaughlin@braunlegal.com	MICHAEL B. DAY GOODIN MACBRIDE SQUERI RITCHIE & DAY LLP mday@gmsr.com
MARC D. JOSEPH ADAMS, BROADWELL, JOSEPH & CARDOZO mdjoseph@adamsbroadwell.com	MICHEL PETER FLORIO THE UTILITY REFORM NETWORK (TURN) mflorio@turn.org	MARK FRAZEE CITY OF ANAHEIM mfrazee@anaheim.net	MICHAEL A. BACKSTROM SOUTHERN CALIFORNIA EDISON COMPANY michael.backstrom@sce.com
MIKE EVANS CORAL PWER, LLC michael.evans@shell.com	MICHAEL J. GERGEN LATHAM & WATKINS LLP michael.gergen@lw.com	MIKE JASKE CALIFORNIA ENERGY COMMISSION mjaske@energy.state.ca.us	Matthew Deal CALIF PUBLIC UTILITIES COMMISSION mjd@cpuc.ca.gov
MICHAEL MAZUR 3 PHASES ENERGY SERVICES, LLC mmazur@3phases.com	MARGARET E. MCNAUL THOMPSON COBURN LLP mmcnaul@thompsoncoburn.com	MARCIE MILNER CORAL POWER, L.L.C. mmilner@coral-energy.com	MARC PRYOR CALIFORNIA ENERGY COMMISSION mpryor@energy.state.ca.us
MANUEL RAMIREZ CITY AND COUNTY OF SAN FRANCISCO mramirez@sfgwater.org	MIKE RINGER CALIFORNIA ENERGY COMMISSION mringer@energy.state.ca.us	MRW & ASSOCIATES, INC. mrw@mrwassoc.com	MICHAEL SHAMES UTILITY CONSUMERS' ACTION NETWORK mshames@ucan.org
Mark S. Wetzell CALIF PUBLIC UTILITIES COMMISSION msw@cpuc.ca.gov	Merideth Sterkel CALIF PUBLIC UTILITIES COMMISSION mts@cpuc.ca.gov	MICHAEL A. YUFFEE MCDERMOTT WILL & EMERY LLP myuffee@mwe.com	Nancy Ryan CALIF PUBLIC UTILITIES COMMISSION ner@cpuc.ca.gov
JESSICA NELSON PLUMAS-SIERRA RURAL ELECTRIC CO-OP notice@psrec.coop	NANCY RADER CALIFORNIA WIND ENERGY ASSOCIATION nrader@calwea.org	NANCY TRONAAS CALIFORNIA ENERGY COMMISSION ntronaas@energy.state.ca.us	SHMUEL S. OREN UNIVERSITY OF CALIFORNIA AT BERKELEY oren@ieor.berkeley.edu
PATRICIA GIDEON PACIFIC GAS AND ELECTRIC COMPANY pcg8@pge.com	PHILIP HERRINGTON EDISON MISSION ENERGY pherrington@edisonmission.com	PHILIPPE AUCLAIR philha@astound.net	PHILLIP J. MULLER SCD ENERGY SOLUTIONS philip@scdenergy.com
PHILIP D. PETTINGILL CALIFORNIA INDEPENDENT SYSTEM OPERATOR ppettingill@caiso.com	NICOLAS PROCOS ALAMEDA POWER & TELECOM procos@alamedapt.com	RACHEL MCMAHON CEERT rachel@ceert.org	JOHN DUTCHER MOUNTAIN UTILITIES ralf1241a@cs.com
RALPH E. DENNIS FELLON-MCCORD & ASSOCIATES ralph.dennis@constellation.com	TREVOR DILLARD SIERRA PACIFIC POWER COMPANY regulatory@sierrapacific.com	RICK C. NOGER PRAXAIR PLAINFIELD, INC. rick_noger@praxair.com	RONALD MOORE GOLDEN STATE WATER/BEAR VALLEY ELECTRIC rkmoore@gswater.com
Robert L. Strauss CALIF PUBLIC UTILITIES COMMISSION rls@cpuc.ca.gov	Rahmon Momoh CALIF PUBLIC UTILITIES COMMISSION mmm@cpuc.ca.gov	ROGER VANHOY MSR PUBLIC POWER AGENCY rogerv@mid.org	ROD AOKI ALCANTAR & KAHL, LLP rsa@a-klaw.com
REED V. SCHMIDT BARTLE WELLS ASSOCIATES rschmidt@bartlewells.com	ROBERT SHERICK PASADENA WATER AND POWER rsherick@cityofpasadena.net	ROBIN SMUTNY-JONES CALIFORNIA ISO rsmutny-jones@caiso.com	ROBERT S. NICHOLS NEW WEST ENERGY rsnichol@srpnet.com
ROBIN J. WALTHER, PH.D. rwaltner@pacbell.net	RYAN FLYNN PACIFICORP ryan.flynn@pacificorp.com	SAEED FARROKHPAY FEDERAL ENERGY REGULATORY COMMISSION saeed.farrokhpay@ferc.gov	Aram Shumavon CALIF PUBLIC UTILITIES COMMISSION sap@cpuc.ca.gov
C. SUSIE BERLIN MC CARTHY & BERLIN, LLP sberlin@mccarthyllaw.com	SEAN CASEY SAN FRANCISCO PUBLIC UTILITIES COMMISSIO scasey@sfgwater.org	SCOTT TOMASHEFSKY NORTHERN CALIFORNIA POWER AGENCY scott.tomashefsky@ncpa.com	SETH D. HILTON STOEL RIVES sdhilton@stoel.com
SHAY LABRAY PACIFICORP shayleah.labray@pacificorp.com	LINDA Y. SHERIF CALPINE CORPORATION sheriff@calpine.com	STEVE ISSER GOOD COMPANY ASSOCIATES sisser@goodcompanyassociates.com	STEPHEN KEEHN SEMPRA ENERGY COPORATE CENTER skeehn@sempra.com
Sudheer Gokhale CALIF PUBLIC UTILITIES COMMISSION skg@cpuc.ca.gov	SEEMA SRINIVASAN ALCANTAR & KAHL, LLP sls@a-klaw.com	SEBASTIEN CSAPO PACIFIC GAS AND ELECTRIC COMPANY sscb@pge.com	STEPHEN J. SCIORTINO CITY OF ANAHEIM ssciortino@anaheim.net
STACY AGUAYO APS ENERGY SERVICES stacy.aguayo@apses.com	STEVE KOERNER EL PASO CORPORATION steve.koerner@elpaso.com	STEVEN HUHMAN MORGAN STANLEY CAPITAL GROUP INC. steven.huhman@morganstanley.com	STEVEN S. SCHLEIMER BARCLAYS BANK, PLC steven.schleimer@barclayscapital.com
STEVEN KELLY INDEPENDENT ENERGY PRODUCERS ASSN steven@iepa.com	SUE MARA RTO ADVISORS, LLC. sue.mara@rtoadvisors.com	SOUMYA SASTRY PACIFIC GAS AND ELECTRIC COMPANY svs6@pge.com	Traci Bone CALIF PUBLIC UTILITIES COMMISSION tbo@cpuc.ca.gov
TOM BILL SEMPRA ENERGY CORPORATE CENTER tbrill@sempra.com	TOM BRILL SEMPRA ENERGY CORPORATE CENTER tbrill@sempra.com	THOMAS CORR SEMPRA ENERGY tcorr@sempraglobal.com	THOMAS DARTON PILOT POWER GROUP, INC. tdarton@pilotpowergroup.com

THERESA L. MUELLER
CITY ATTORNEY'S OFFICE
theresa.mueller@sfgov.org

TRACEY DRABANT
BEAR VALLEY ELECTRIC SERVICE
traceydrabant@bves.com

THEODORE ROBERTS
SEMPRA GLOBAL
troberts@sempra.com

VALERIE WINN
PACIFIC GAS & ELECTRIC
vjw3@pge.com

WILLIAM H. BOOTH
LAW OFFICES OF WILLIAM H. BOOTH
wbooth@booth-law.com

WAYNE TOMLINSON
EL PASO CORPORATION
william.tomlinson@elpaso.com

WILLIAM W. WESTERFIELD, III
ELLISON, SCHNEIDER & HARRIS, LLP
www@eslawfirm.com

YAREK LEHR
City of Corona
yarek.lehr@ci.corona.ca.us

Attachment C

**Response of the CAISO to CLECA Motion to Strike Portions of the Revised
IOU's Straw Proposal for Demand Response Cost Effectiveness, From R.**

07-01-041

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE
STATE OF CALIFORNIA**

Order Instituting Rulemaking Regarding
Policies and Protocols for Demand Response,
Load Impact Estimates, Cost-Effectiveness
Methodologies, Megawatt Goals and
Alignment with California Independent System
Operator Protocols

Rulemaking 07-01-041
(January 25, 2007)

**RESPONSE OF
THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR
TO CLECA MOTION TO STRIKE PORTIONS OF THE REVISED IOU'S
STRAW PROPOSAL FOR DEMAND RESPONSE COST EFFECTIVENESS**

I. Introduction

The California Independent System Operator Corporation ("CAISO") submits this response to the motion of the California Large Energy Consumers Association ("CLECA") to strike portions of the Revised IOU Straw Proposal for Demand Response Cost Effectiveness. CLECA has made this motion in the alternative to CLECA's request for evidentiary hearings regarding three issues for which CLECA believes there are factual disputes. The CAISO's response is prompted by the second factual issue raised by CLECA:

2. The proposed requirement that only DR programs qualifying for resource adequacy (RA) status be treated as avoiding capacity costs.

In support of its request for hearings and/or motion to strike for this issue, CLECA purports to characterize certain positions of the CAISO regarding the valuation of Demand Response resources. The CAISO feels that CLECA has mischaracterized, somewhat, the CAISO's position on the subject, and so the CAISO files these comments to clarify the record as to the CAISO's position.

We note that the Commission's recent Order Instituting Rulemaking 07-09-008 (issued September 25, 2007) articulated the foundational steps in determining when evidentiary hearings are necessary:

Parties who believe that evidentiary hearings are necessary shall follow the procedure set forth below. If any party contends that evidentiary hearings are necessary, it shall, no later than October 19, 2007, in its opening comments:

- (1) Identify each material contested issue of fact on which hearings should be held (explaining as necessary why the issue is material);
- (2) For each such issue listed in (1) above, identify the evidence to be offered and specify whether the evidence constitutes "legislative facts" or "adjudicative facts"; and,
- (3) State why an evidentiary hearing is legally required.¹

II. CLECA Characterization of CAISO Positions and CAISO Response

CLECA Statement:

The Utilities' DR CE Report asserts that only DR which qualifies as RA capacity should be considered as capable of avoiding generation capacity costs. We note that the CAISO has attempted to argue that resources that cannot be available to the CAISO *for residual unit commitment ("RUC") by 10 am on a day-ahead basis* should not be given RA qualifying status [citing the CAISO's Proposals on Track 1 Issues, dated January 26, 2007, at pp. 26-29]. This position would exclude from RA qualification all day-of DR programs and all reliability programs. (CLECA Request and Motion at pp. 6-7, emphasis added).

CAISO Response:

CAISO notes initially that the terms "reliability programs" and "emergency programs" are interchangeable, referring to DR curtailment that is available only after the CAISO declares a Stage 2 emergency.² CLECA mischaracterizes the CAISO's objection to qualifying emergency DR programs as RA capacity as a mere "day-ahead"

¹ OIR 07-09-008 (Order Instituting Rulemaking to Consider Establishing California Institute for Climate Solutions) at p. 11.

² The CAISO calls a Stage 2 emergency when operating reserves fall below 5% or are anticipated to fall below 5%. The Stage 2 emergency criteria of 5% operating reserve level is based upon WECC and NERC reliability standards.

timing and/or a RUC issue. Timing is not the issue. Rather, the issue is the *availability* of the emergency programs.

Availability is a central tenet of the CPUC's RA program. In this regard, the Commission has clearly stated that resource adequacy is about "laying a foundation for the required infrastructure investment and *assuring that capacity is available when and where needed.*"³ In contrast, emergency DR programs are only available upon the declaration of an emergency. Accordingly, CLECA misses the CAISO's central point stated in the CAISO pleading from which CLECA quotes in its request and motion:

Specifically, the CAISO feels strongly that reliability-based DR programs that are *only available for dispatch in limited circumstances*, i.e., only when the CAISO is *in* an emergency (Stage 2) are not sufficiently "available" to be considered a viable resource adequacy product.⁴

The CAISO believes that an RA design that *requires declaring emergencies* to gain access to RA capacity that is relied upon to meet *normal* operating conditions is illogical and violates the CPUC's fundamental RA "availability" objective.

Moreover, contrary to CLECA's assertion in its request and motion, the CAISO's position that DR programs must be "available" to be a viable RA product does not "exclude from RA qualification *all* day-of DR programs." *Non-emergency*, day ahead, day-of, or real time DR resources would still be able to participate in the CAISO's markets or be incorporated into the CAISO's operations. Non-emergency programs are sufficiently available because they are triggered by events which are either known in advance or can be relied upon under normal operating conditions.

Furthermore, the fact that emergency DR programs are unavailable when the CAISO is operating under normal conditions raises two concerns that have potential cost consequences. First, the CAISO would have to first dispatch any available *non-RA resources* (to maintain reliability standards and to prevent declaring an emergency)

³ R.05-12-013, ALJ Ruling on Track 2 Proposals, February 29, 2007, p. 4 (emphasis added).

⁴ Proposals of the California Independent System Operator on Track 1 Issues, January 26, 2007, p.26, (emphasis added).

before the CAISO could use the emergency DR programs. This potentially imposes additional costs on the system and may offset the purported economic justification for counting emergency DR programs as RA capacity in the first place. Second, the fact that emergency DR programs cannot be considered in RUC highlights a specific example of the fundamental availability problem of emergency DR programs as RA. The inability to participate in RUC is not, in and of itself, the justification for why the CAISO would disallow DR programs to count as RA capacity. Rather, it is the fact that a system emergency must be declared to call them that runs counter to the fundamental tenets of an effective Resource Adequacy Program, which is to have sufficient capacity available to the grid at the times and locations that it is needed, even during stressed conditions.⁵

CLECA Statement:

Recently, the CAISO has discussed [a] means of including day-of DR programs in their unit commitment process, although this process is not yet complete. Yet, the CAISO has consistently taken the position that reliability DR resources should not be provided with RA value because they are not available in the unit commitment process, despite the fact that they are available to be used on the day in question and have been used many times to avoid outages for firm service customers that might otherwise occur on the same day [fn omitted]. These reliability DR programs exist to allow for resources needed beyond that day-ahead procurement, because “things happen” (the unexpected loss of a generating plant or a transmission line, for example) on short notice that would otherwise unduly reduce the operating reserves available to the CAISO. In fact, the CAISO acknowledges that these programs are valuable for reliability purposes [fn omitted].

CAISO Response:

The Commission’s adopted system planning reserve margin sets a level of capacity covering a 1-in-2-year peak Demand forecast, operating reserves, generator forced outages, and inherent forecast error, i.e., incorrect assumptions on economic growth. Moreover, the planning reserve margin also contains a subset of local capacity

⁵ D.05-10-042, p. 7-8.

determinations, which are performed on a 1-in-10-year peak Demand forecast, in order to provide protection from critical contingencies in certain localities.

This planning reserve margin is intended to ensure that sufficient RA capacity exists to reliably operate the grid under “non-emergency,” yet stressed conditions (i.e. sufficient generation should be available under peak demand conditions even when there is a certain level of unexpected outages)⁶. Should RA include emergency DR programs, the planning reserve margin would no longer provide sufficient capacity to cover the fundamental components for which it must account. Again, the CAISO does not believe that the Commission intends for the CAISO to declare an emergency, when, for example, circumstances arise such as a deviation in load forecast or a generation forced outage. This approach stands the RA concept on its head, because it trends toward a planning scheme that plans on having emergencies in order to call resources, rather than planning to have resources that *avoid* the need to declare emergencies.

The CAISO agrees that emergency DR programs do have value in protecting against unexpected transmission outages or other severe anomalies that can threaten the ability of the CAISO to serve firm load or meet its operating reserves requirements (such as the one-in-57-year heat storm which occurred in 2006). In these infrequent circumstances, where the underlying assumptions of the RA program are violated, use of emergency DR programs is entirely appropriate. However, the planning reserve margin should never be determined in such a way as to include, as a basic assumption, the

⁶ See D.05-10-042 at pp. 7-8.

expectation that system emergency declarations will be declared with some level of frequency, so that emergency DR programs may be dispatched to meet normal operating conditions.

Dated: October 4, 2007

Respectfully submitted,

CALIFORNIA INDEPENDENT SYSTEM
OPERATOR CORPORATION

Baldassaro "Bill" Di Capo, Esq., Counsel

By: // *Baldassaro "Bill" Di Capo* //

Baldassaro "Bill" Di Capo
Counsel
CALIFORNIA INDEPENDENT SYSTEM
OPERATOR CORPORATION
151 Blue Ravine Road
Folsom, CA 95630
Tel. (916) 608-7157
Fax (916) 608-7222
E-mail: bdicapo@caiso.com

CERTIFICATE OF SERVICE

I hereby certify that on October 4, 2007. I served on the parties listed on the Service List for Proceeding 07-01-041, by electronic mail, a copy of the foregoing Response of the California Independent System Operator to CLECA Motion To Strike Portions of the Revised IOU's Straw Proposal For Demand Response Cost Effectiveness

Executed on October 4, 2007 at Folsom,
California

/s/ *Melissa Hicks*

Melissa Hicks,
An employee of the California Independent
System Operator

ANDREW B. BROWN ELLISON, SCHNEIDER & HARRIS, LLP 2015 H STREET SACRAMENTO, CA 95814abb@eslawfirm.com	ASHLEE M. BONDS THELEN REID BROWN RAYSMAN&STEINER LLP 101 SECOND STREET SUITE 1800 SAN FRANCISCO, CA 94105abonds@thelen.com	ADAM BRIONES THE GREENLINING INSTITUTE 1918 UNIVERSITY AVENUE, 2ND FLOOR BERKELEY, CA 94704adamb@greenlining.org	ALAN GARTNER ENERGYCONNECT, INC. 51 E. CAMPBELL AVEUNE, 145 CAMPBELL, CA 95008agartner@energyconnectinc.com
Andrew Campbell CALIF PUBLIC UTILITIES COMMISSION 505 VAN NESS AVENUE ROOM 5203 SAN FRANCISCO, CA 94102-3214agc@cpuc.ca.gov	AHMAD FARUQUI THE BRATTLE GROUP 353 SACRAMENTO STREET, SUITE 1140 SAN FRANCISCO, CA 94111ahmad.faruqui@brattle.com	ARTHUR HAUBENSTOCK PACIFIC GAS AND ELECTRIC COMPANY 77 BEALE STREET, B30A SAN FRANCISCO, CA 94105alhj@pge.com	ANDREA HORWATT SOUTHERN CALIFORNIA EDISON COMPANY 2244 WALNUT GROVE AVENUE ROSEMEAD, CA 91770andrea.horwatt@sce.com
LARRY B. BARRETT CONSULTING ASSOCIATES, INC. PO BOX 60429 COLORADO SPRINGS, CO 80960barrettlarry@comcast.net	BARB BOICE 4309 NORWOOD AVENUE, APT. 160 SACRAMENTO, CA 95838bboice02@yahoo.com	BALDASSARO DI CAPO, ESQ. CALIFORNIA ISO 151 BLUE RAVINE ROAD LEGAL AND REGULATORY DEPARTMENT FOLSOM, CA 95630bdcapo@caiso.com	DI CAPO BALDASSARO CALIFORNIA ISO 151 BLUE RAVINE ROAD FOLSOM, CA 95630bdcapo@caiso.com
RYAN BERNARDO BRAUN & BLAISING, P.C. 915 L STREET, SUITE 1270 SACRAMENTO, CA 95814bernardo@braunlegal.com	BARBARA R. BARKOVICH BARKOVICH & YAP, INC. 44810 ROSEWOOD TERRACE MENDOCINO, CA 95460brbarkovich@earthlink.net	Bruce Kaneshiro CALIF PUBLIC UTILITIES COMMISSION 505 VAN NESS AVENUE AREA 4-A SAN FRANCISCO, CA 94102-3214bsk@cpuc.ca.gov	CARL SILSBEE SOUTHERN CALIFORNIA EDISON 2244 WALNUT GROVE AVENUE GO1, RP&A ROSEMEAD, CA 91770carl.silsbee@sce.com
CASE ADMINISTRATION SOUTHERN CALIFORNIA EDISON COMPANY 2244 WALNUT GROVE AVENUE LAW DEPARTMENT ROSEMEAD, CA 91770Case.Admin@sce.com	CARMEN BASKETTE ENERNOC, INC. 594 HOWARD STREET, SUITE 400 SAN FRANCISCO, CA 94105cbaskette@enernoc.com	CENTRAL FILES SAN DIEGO GAS & ELECTRIC CO. 8330 CENTURY PARK COURT-CP31E SAN DIEGO, CA 92123- 1530CentralFiles@semprautilities.com	CARLOS F. PENA SEMPRA ENERGY LAW DEPARTMENT 101 ASH STREET HQ12 SAN DIEGO, CA 92101cfpena@sempra.com
CHRIS KING EMETER CORPORATION ONE TWIN DOLPHIN DRIVE REDWOOD CITY, CA 94065chris@emeter.com	CLARK BERNIER RLW ANALYTICS 1055 BROADWAY, SUITE G SONOMA, CA 95476clark.bernier@rlw.com	CLARK E. PIERCE LANDIS & GYR 246 WINDING WAY STRATFORD, NJ 8084clark.pierce@us.landisgyr.com	CLARE LAUFENBERG CALIFORNIA ENERGY COMMISSION 1516 NINTH STREET, MS 46 SACRAMENTO, CA 95814claufenb@energy.state.ca.us
JOE PRIYANONDA GLOBAL ENERGY PARTNERS, LLC 3569 MT. DIABLE BLVD., SUITE 200 LAFAYETTE, CA 94549cpjoe@gepilc.com	LAW DEPARTMENT FILE ROOM PACIFIC GAS AND ELECTRIC COMPANY PO BOX 7442 SAN FRANCISCO, CA 94120-7442cpuccases@pge.com	CHARLES MIDDLEKAUFF PACIFIC GAS AND ELECTRIC COMPANY 77 BEALE STREET SAN FRANCISCO, CA 94105cmd@pge.com	Christopher R Villareal CALIF PUBLIC UTILITIES COMMISSION 505 VAN NESS AVENUE ROOM 5119 SAN FRANCISCO, CA 94102-3214crv@cpuc.ca.gov
DAVID REED SOUTHERN CALIFORNIA EDISON 6060 IRWINDALE AVE., STE. J IRWINDALE, CA 91720david.reed@sce.com	DAVID NEMTZOW 1254 9TH STREET, NO. 6 SANTA MONICA, CA 90401david@nemtzw.com	DAVID BARKER SAN DIEGO GAS & ELECTRIC COMPANY 8306 CENTURY PARK COURT SAN DIEGO, CA 92123dbarker@semprautilities.com	DANIEL C. ENGEL FREEMAN, SULLIVAN & CO. 101 MONTGOMERY STREET, 15TH FLOOR SAN FRANCISCO, CA 94104dcengel@fscgroup.com
DAVID MORSE 1411 W. COVELL BLVD., SUITE 106-292 DAVIS, CA 95616-5934demorse@omsoft.com	DAVID HUNGERFORD CALIFORNIA ENERGY COMMISSION 1516 NINTH STREET, MS-22 DEMAND ANALYSIS OFFICE SACRAMENTO, CA 95814dhungerf@energy.state.ca.us	Dorris Lam CALIF PUBLIC UTILITIES COMMISSION 505 VAN NESS AVENUE AREA 4-A SAN FRANCISCO, CA 94102-3214dnl@cpuc.ca.gov	DANIEL W. DOUGLASS DOUGLASS & LIDDELL 21700 OXNARD STREET, SUITE 1030 WOODLAND HILLS, CA 91367douglass@energylawattorney.com
DANIEL M. VIOLETTE SUMMIT BLUE CONSULTING 1722 14TH STREET, SUITE 230 BOULDER, CO 80302dviolette@summitblue.com	DON WOOD PACIFIC ENERGY POLICY CENTER 4539 LEE AVENUE LA MESA, CA 91941dwood8@cox.net	DAVID M. WYLLIE, PE ASW ENGINEERING 2512 CHAMBERS ROAD, SUITE 103 TUSTIN, CA 92780dwyllie@aswengineering.com	EDWARD VINE LAWRENCE BERKELEY NATIONAL LABORATORY BUILDING 90-4000 BERKELEY, CA 94720elvine@lbl.gov
CALIFORNIA ISO 151 BLUE RAVINE ROAD FOLSOM, CA 95630e-recipient@caiso.com	ERIC C. WOYCHIK STRATEGY INTEGRATION LLC 9901 CALODEN LANE OAKLAND, CA 94605eric@strategyi.com	EDWARD V. KURZ PACIFIC GAS AND ELECTRIC COMPANY 77 BEALE STREET SAN FRANCISCO, CA 94105evk1@pge.com	KAREN TERRANOVA ALCANTAR & KAHL, LLP 120 MONTGOMERY STREET, STE 2200 SAN FRANCISCO, CA 94104filings@al-klaw.com
RUSS GARWACRD SOUTHERN CALIFORNIA EDISON COMPANY 2244 WALNUT GROVE ROSEMEAD, CA 91770garwacrd@sce.com	GAYATRI SCHILBERG JBS ENERGY 311 D STREET, SUITE A WEST SACRAMENTO, CA 95605gayatri@jbsenergy.com	GEOFF AYRES THE ENERGY COALITION 15615 ALTON PARKWAY, SUITE 245 IRVINE, CA 92618gayres@energycoalition.org	GLEN E. SMITH ENERGY CURTAILMENT SPECIALISTS, INC. 3735 GENESEE STREET BUFFALO, NY 14225gesmith@ecsny.com
GALEN BARBOSE LAWRENCE BERKELEY NATIONAL LAB 1 CYCLOTRON RD. MS 90-4000 BERKELEY, CA 94720GLBarbose@LBL.gov	JOEL M. HVIDSTEN KINDER MORGAN ENERGY PARTNERS 1100 TOWN & COUNTRY ROAD, SUITE 700 ORANGE, CA 92688hvidstenj@kindermorgan.com	JAMES BOOTHE THE ENERGY COALITION 9 REBELO LANE NOVATO, CA 94947ja_booth@yaho.com	JANET COMBS SOUTHERN CALIFORNIA EDISON COMPANY 2244 WALNUT GROVE AVENUE ROSEMEAD, CA 91770janet.combs@sce.com
L. JAN REID COAST ECONOMIC CONSULTING 3185 GROSS ROAD SANTA CRUZ, CA 95062janreid@coastecon.com	JEFF NAHIGIAN JBS ENERGY, INC. 311 D STREET WEST SACRAMENTO, CA 95605jeff@jbsenergy.com	JEFFREY P. GRAY DAVIS WRIGHT TREMAINE, LLP 505 MONTGOMERY STREET, SUITE 800 SAN FRANCISCO, CA 94111-6533jeffgray@dw1.com	JACK ELLIS RESERO CONSULTING 490 RAQUEL COURT LOS ALTOS, CA 94022jellis@resero.com
JOHN GOODIN CALIFORNIA ISO 151 BLUE RAVINE RD. MARKET & PRODUCT DEVELOPMENT FOLSOM, CA 95630jgoodin@caiso.com	Jessica T. Hecht CALIF PUBLIC UTILITIES COMMISSION 505 VAN NESS AVENUE ROOM 5113 SAN FRANCISCO, CA 94102-3214jhe@cpuc.ca.gov	Jason R. Salmi Klotz CALIF PUBLIC UTILITIES COMMISSION 505 VAN NESS AVENUE AREA 4-A SAN FRANCISCO, CA 94102-3214jk1@cpuc.ca.gov	JOHN LAUN APOGEE INTERACTIVE, INC. 1220 ROSECRANS ST., SUITE 308 SAN DIEGO, CA 92106jlaun@apogee.net
Joe Como CALIF PUBLIC UTILITIES COMMISSION 505 VAN NESS AVENUE ROOM 5033 SAN FRANCISCO, CA 94102-3214joc@cpuc.ca.gov	JODY S. LONDON JODY LONDON CONSULTING PO BOX 3629 OAKLAND, CA 94609jody_london_consulting@earthlink.net	JOYCE LEUNG SOUTHERN CALIFORNIA EDISON COMPANY 6060 J IRWINDALE AVE. IRWINDALE, CA 91702joyce.leung@sce.com	JOY A. WARREN MODESTO IRRIGATION DISTRICT 1231 11TH STREET MODESTO, CA 95354joyw@mid.org
JEFF SHIELDS SOUTH SAN JOAQUIN IRRIGATION DISTRICT 11011 E. HWY 120 MANTECA, CA 95336jshields@ssjid.com	JAMES WEIL AGLET CONSUMER ALLIANCE PO BOX 37 COOL, CA 95614jweil@aglet.org	JOSEPHINE WU PACIFIC GAS AND ELECTRIC COMPANY PO BOX 770000, MAIL CODE B9A SAN FRANCISCO, CA 94177jwwd@pge.com	JOY C. YAMAGATA SAN DIEGO GAS & ELECTRIC/SOCALGAS 8330 CENTURY PARK COURT SAN DIEGO, CA 91910jyamagata@semprautilities.com
Joy Morgenstern CALIF PUBLIC UTILITIES COMMISSION 505 VAN NESS AVENUE AREA 4-A SAN FRANCISCO, CA 94102-3214jym@cpuc.ca.gov	KAREN LINDH LINDH & ASSOCIATES 7909 WALERGA ROAD, NO. 112, PMB 119 ANTELOPE, CA 95843karen@klinth.com	KA-WING MAGGIE POON 2244 WALNUT GROVE AVE. GO1, QUAD 2B ROSEMEAD, CA 91770ka-wing.poon@sce.com	KEVIN COONEY SUMMIT BLUE CORPORATION 1722 14TH STREET BOULDER, CO 80302kcooney@summitblue.com
KEN ABREN 245 MARKET STREET SAN FRANCISCO, CA 94105kea3@pge.com	KEITH R. MCCREA SUTHERLAND, ASBILL & BRENNAN, LLP 1275 PENNSYLVANIA AVE., N.W. WASHINGTON, DC 20004- 2415keith.mccrea@sablaw.com	GREGORY KLATT DOUGLASS & LIDDELL 411 E. HUNTINGTON DRIVE, STE. 107-356 ARCADIA, CA 91006klatt@energyattorney.com	KAREN N. MILLS CALIFORNIA FARM BUREAU FEDERATION 2300 RIVER PLAZA DRIVE SACRAMENTO, CA 95833kmills@ctfbf.com
KATHRYN SMITH SAN DIEGO GAS AND ELECTRIC COMPANY 8306 CENTURY PARK COURT SAN DIEGO, CA 92123ksmith2@semprautilities.com	LYNNE BROWN CALIFORNIANS FOR RENEWABLE ENERGY, INC. 24 HARBOR ROAD SAN FRANCISCO, CA 94124l_brown369@yahoo.com	LARRY R. COPE SOUTHERN CALIFORNIA EDISON 2244 WALNUT GROVE AVENUE ROSEMEAD, CA 91770larry.cope@sce.com	LUKE TOUGAS PACIFIC GAS AND ELECTRIC COMPANY 77 BEALE STREET, B9A SAN FRANCISCO, CA 94105LATC@pge.com

LISA TAKEUCHI PACIFIC GAS AND ELECTRIC COMPANY 77 BEALE STREET SAN FRANCISCO, CA 94105latd@pge.com	LAURA ROOKE PORTLAND GENERAL ELECTRIC 121 SW SALMON ST., PORTLAND, OR 97204laura.rooke@pgn.com	DONALD C. LIDDELL DOUGLASS & LIDDELL 2928 2ND AVENUE SAN DIEGO, CA 92103liddell@energyattorney.com	Lisa-Marie Salvacion CALIF PUBLIC UTILITIES COMMISSION 505 VAN NESS AVENUE ROOM 4107 SAN FRANCISCO, CA 94102-3214lms@cpuc.ca.gov
LESLIE WILLOUGHBY SAN DIEGO GAS AND ELECTRIC COMPANY 8305 CENTURY PARK CT. SAN DIEGO, CA 92123wiloughby@semptrautilities.com	MARCEL HAWIGER THE UTILITY REFORM NETWORK 711 VAN NESS AVENUE, SUITE 350 SAN FRANCISCO, CA 94102marcel@turn.org	MARIAN BROWN SOUTHERN CALIFORNIA EDISON 6040A IRWINDALE AVE. IRWINDALE, CA 91702marian.brown@sce.com	MARK S. MARTINEZ SOUTHERN CALIFORNIA EDISON 6060 IRWINDALE AVE., SUITE J IRWINDALE, CA 91702mark.s.martinez@sce.com
MIKE MESSENGER CALIFORNIA ENERGY COMMISSION 120 ADELAIDE STREET WEST SUITE 1600 TORONTO, ON M5H IT1mike.messenger@powerauthority.on.ca	MIKE MESSENGER CALIFORNIA ENERGY COMMISSION 1516 9TH STREET SACRAMENTO, CA 95814mmesseng@energy.state.ca.us	B. MARIE PIENIAZEK ENERGY CURTAILMENT SPECIALIST, INC. 650 FRANKLIN ST., SUITE 202 SCHENECTADY, NY 12305mpieniazek@ecsny.com	MRW & ASSOCIATES, INC. 1814 FRANKLIN STREET, SUITE 720 OAKLAND, CA 94612mrw@mrwassoc.com
MARGARET SHERIDAN CALIFORNIA ENERGY COMMISSION 1516 NINTH STREET, MS-22 DEMAND ANALYSIS OFFICE SACRAMENTO, CA 95814msherida@energy.state.ca.us	NORA SHERIFF ALCANTAR & KAHL, LLP 120 MONTGOMERY STREET, SUITE 2200 SAN FRANCISCO, CA 94104nes@a-klaw.com	NICK PLANSON ANCILLARY SERVICES COALITION 547 APOLLO STREET, SUITE F BREA, CA 92821nplanson@ascoalition.com	PAUL KARR TRILLIANT NETWORKS, INC. 1100 ISLAND DRIVE, SUITE 103 REDWOOD CITY, CA 94065Paul.karr@trilliantnetworks.com
PHILIPPE AUCLAIR 11 RUSSELL COURT WALNUT CREEK, CA 94598philha@astound.net	PATRICIA THOMPSON SUMMIT BLUE CONSULTING 2920 CAMINO DIABLO, SUITE 210 WALNUT CREEK, CA 94597pthompson@summitblue.com	PETER OUBORG PACIFIC GAS AND ELECTRIC COMPANY 77 BEALE STREET, B30A SAN FRANCISCO, CA 94105pxo2@pge.com	RICHARD H. COUNIHAN ENERNOC, INC. 45 FREMONT STREET, SUITE 1400 SAN FRANCISCO, CA 94105rcounihan@enernoc.com
RICHARD MCCANN M.CUBED 2655 PORTAGE BAY ROAD, SUITE 3 DAVIS, CA 95616rmccann@umich.edu	ROSEMARY MCMAHILL CURRENT GROUP LLC 2500 STECK AVE. NO. 35 AUSTIN, TX 78757rmmcahill@currentgroup.com	ROGER PELOTE WILLIAMS POWER COMPANY 12736 CALIFA STREET VALLEY VILLAGE, CA 91607roger.pelote@williams.com	ROGER VAN HOY MODESTO IRRIGATION DISTRICT 1231 11TH STREET MODESTO, CA 95354rogerv@mid.org
RICH QUATTRINI ENERGYCONNECT, INC. 51 E. CAMPBELL AVENUE, SUITE 145 CAMPBELL, CA 95008quattrini@energyconnectinc.com	REED V. SCHMIDT BARTLE WELLS ASSOCIATES 1889 ALCATRAZ AVENUE BERKELEY, CA 94703rschmidt@bartlewells.com	ROBIN J. WALTHER, PH.D. 1380 OAK CREEK DRIVE., 316 PALO ALTO, CA 94305rwalther@pacbell.net	ANNIE STANGE ALCANTAR & KAHL 1300 SW FIFTH AVE., SUITE 1750 PORTLAND, OR 97201sas@a-klaw.com
SHIRLEY WOO PACIFIC GAS AND ELECTRIC COMPANY 77 BEALE STREET, B30A SAN FRANCISCO, CA 94105saw0@pge.com	SCOTT H. DEBROFF SMIGEL, ANDERSON & SACKS 4431 NORTH FRONT STREET RIVER CHASE OFFICE CENTER HARRISBURG, PA 17110sdebroff@sasllp.com	SUSAN MCNEILL PACIFIC GAS AND ELECTRIC COMPANY PO BOX 770000, B8M SAN FRANCISCO, CA 94177-0001sem4@pge.com	MICHAEL ROCHMAN SPURR 1430 WILLOW PASS ROAD, SUITE 240 CONCORD, CA 94520Service@spurr.org
SHARON TALBOTT EMETER CORPORATION ONE TWIN DOLPHIN DRIVE REDWOOD CITY, CA 94065sharon@emeter.com	LINDA Y. SHERIF CALPINE CORPORATION 3875 HOPYARD ROAD, SUITE 345 PLEASANTON, CA 94588sherif@calpine.com	Sudheer Gokhale CALIF PUBLIC UTILITIES COMMISSION 505 VAN NESS AVENUE ROOM 4209 SAN FRANCISCO, CA 94102-3214skg@cpuc.ca.gov	SNULLER PRICE ENERGY AND ENVIRONMENTAL ECONOMICS 101 MONTGOMERY, SUITE 1600 SAN FRANCISCO, CA 94104snuller@ethree.com
STEVEN R. HAERTLE PACIFIC GAS AND ELECTRIC COMPANY 77 BEALE STREET, B9A SAN FRANCISCO, CA 94105SRH1@pge.com	SARA STECK MYERS 122 28TH AVENUE SAN FRANCISCO, CA 94121ssmyers@att.net	STEPHEN D. BAKER FELLON-MCCORD AND ASSOCIATES 9960 CORPORATE CAMPUS DRIVE, STE. 2000 CONSTELLATION NEW ENERGY-GAS DIVISION LOUISVILLE, KY 40223stephen.baker@constellation.com	STEVE GEORGE GSC GROUP 101 MONTGOMERY STREET, 15TH FLOOR SAN FRANCISCO, CA 94104stephengeorge@fccgroup.com
TRENT A. CARLSON RELIANT ENERGY 1000 MAIN STREET HOUSTON, TX 77001tcarlson@reliant.com	TED POPE ENERGY SOLUTIONS 1738 EXCELSIOR AVE. OAKLAND, CA 94602ted@energy-solution.com	TOM KIMBALL MODESTO IRRIGATION DISTRICT 1231 11TH STREET MODESTO, CA 95354tomk@mid.org	TERRY RICH ANCILLARY SERVICES COALITION 547 APOLLO STREET, SUITE F BREA, CA 92821trich@ascoalition.com
VICKI L. THOMPSON SAN DIEGO GAS & ELECTRIC COMPANY 101 ASH STREET SAN DIEGO, CA 92101vthompson@semptra.com	VIKKI WOOD SACRAMENTO MUNICIPAL UTILITY DISTRICT 6301 S STREET, MS A204 SACRAMENTO, CA 95817-1899vwood@smud.org	WILLIAM H. BOOTH LAW OFFICES OF WILLIAM H. BOOTH 1500 NEWELL AVENUE, 5TH FLOOR WALNUT CREEK, CA 94596wbooth@booth-law.com	WARREN MITCHELL THE ENERGY COALITION 15615 ALTON PARKWAY, SUITE 245 IRVINE, CA 92618wmitchellrunner@socal.rr.com
Rebecca Tsai-Wei Lee CALIF PUBLIC UTILITIES COMMISSION 505 VAN NESS AVENUE ROOM 4209 SAN FRANCISCO, CA 94102-3214wtr@cpuc.ca.gov	KEN SKINNER INTEGRAL ANALYTICS, INC 312 WALNUT STREET, SUITE 1600 CINCINNATI, OH 45202	GRAYSON HEFFNER 15525 AMBIANCE DRIVE N. POTOMAC, MD 20878	MWIRIGI IMUNGI THE ENERGY COALITION 15615 ALTON PARKWAY, SUITE 245 IRVINE, CA 92618
BRUCE PERLSTEIN PACIFIC GAS AND ELECTRIC COMPANY 245 MARKET STREET SAN FRANCISCO, CA 94105	CALIFORNIA ISO 151 BLUE RAVINE ROAD FOLSOM, CA 95630		

CERTIFICATE OF SERVICE

I, Larry Wong, certify under penalty of perjury under the laws of the State of California that the following is true and correct:

On October 22, 2007 I served the attached:

**MOTION OF THE UTILITY REFORM NETWORK
FOR DESIGNATION OF EXHIBITS**

on all eligible parties on the attached lists to **A.07-04-009**, by sending said document by electronic mail to each of the parties via electronic mail, as reflected on the attached Service List.

Executed this October 22, 2007, at San Francisco, California.

_____/S/_____

Larry Wong

Service List for A.07-04-009

agc@cpuc.ca.gov
dhungerf@energy.state.ca.us
dnl@cpuc.ca.gov
jeff@jbsenergy.com
jwwd@pge.com
Karen.Herter@h-m-g.com
kjb@cpuc.ca.gov
LATc@pge.com
lms@cpuc.ca.gov
LST3@pge.com
magq@pge.com
mrw@mrwassoc.com
msherida@energy.state.ca.us
nsuetake@turn.org
pthompson@summitblue.com
pxo2@pge.com
rboland@e-radionic.com
shn@cpuc.ca.gov
skg@cpuc.ca.gov
SRH1@pge.com